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SUBJECT: ECONOMIC ASPECT OF OPPOSITION CONSENSUS PLAN

REF: CARACAS 2248

Classified By: ECONOMIC COUNSELOR RICHARD M. SANDERS FOR REASON 1.5 D

SUMMARY

1. (SBU) The Plan Consenso Pais ("National Consensus Plan"), launched June 9 by the Coordinadora Democratica, has a very strong economic focus. However, while long on optimism, it is short on details. For example, while it emphasizes job creation, it provides no specific method to create jobs; it calls for increased investment, but doesn't indicate where the investment would come from. Some of the creators of the Plan are very hopeful about its influence, while other contacts express doubts. END SUMMARY.

WHAT'S THE PLAN?

2. (SBU) The Coordinadora Democratica (CD) released on June 9 the Plan Consenso Pais (see ref), a document which purports to guide the administration that would be put in place should President Hugo Chavez be revoked (and not win the subsequent presidential election). Its economic portion gets strong emphasis (second only to recommending dialogue as a means to reach agreement on any issue), stating that "the axis upon which the program of reconciliation and reconstruction turns is the massive creation of productive, stable and well-paid jobs."

3. (SBU) It goes on to stress eleven areas: the importance of legal and economic certainty to stimulate investment; obtaining financing; modifying the national debt profile; combining public spending with private investment to reactivate the economy; designing a realistic and democratic job policy; starting a job creation offensive in construction, industry, agriculture and tourism; improving the electric sector; making telecom a factor in development and economic diversification; making science and technology (read: research and development) an integral part of development; job training; and making petroleum and petroleum products areas of high-impact investment. The Plan notably lacks mention of certain politically sensitive subjects: it never raises the idea of privatization, and, though private investment is mentioned frequently, it never addresses the role of foreign investment per se.

PLAN CREATORS THINK POSITIVELY

4. (C) Vicente Davila, head of the CD's Economic and Finance Commission, told econoff that jobs emphasis was considered central from the beginning. He said that most of the CD leadership, being politicians, think of the government as the primary job provider, but Davila, a businessman, was able to steer the document to stress the importance of the private sector. Efrain Velazquez, an economic consultant and one of the main architects of the Plan, said in a separate conversation that many of those jobs would come from oil - maintenance, field evaluation, trying to recover lost production - and that many of the new oil jobs would be filled by PDVSA employees fired after the general strike.

5. (C) Velazquez believes the most important aspect of the Plan is to "send a message" that Venezuela is a good place for investment. He stated that there will be foreign investment in oil in the near future, even with a change of government, but that investment would not increase in any other sectors until they can show results: a better overall political-economic climate. He asserted that a new President would get very little support from other parts of the GOV, such as National Assembly and the courts, and therefore must focus on what is possible through the executive branch only. However, since Chavez has strengthened executive authority, much is possible. He thought the short-term portions of the Plan can be implemented within 100 days, with a dual emphasis

on recovery of oil production and keeping fiscal spending at around 28% of GDP.

OTHERS AREN'T SO SURE

16. (C) Hugo Faria, an economics professor of strongly conservative bent at the prestigious Institute for Higher Business Studies (IESA), criticized the Plan, calling it "a wish list to Santa Claus." He pointed out to econoff that it is long on generalities but makes no mention of taxes or tariffs, for example. (Note: those changes would require legislative action, hence Velazquez's statements may explain the omission.) He called the Plan "Chavismo without Chavez," as they are essentially the same, just as Chavez has recycled economic policies from prior administrations. Faria also questioned how much support the plan really has among big business in Venezuela, since many have them have figured out how to profit in the current, distorted environment.

17. (C) Miguel Angel Santos, chief economist of the US-Venezuela Chamber of Commerce (VENAMCHAM) who was consulted on some points of the Plan, said it only represents what could be reached by consensus, and that the oil portion is especially vague as a result. He added that the Plan may never be implemented because the CD team that created it will not necessarily be part of any foreseeable new administration. Each of the potential candidates seems to have his own economic team working on the details of policy.

THE FUTURE OF THE PLAN

18. (C) Davila said that the plan so far is just a framework, and that more details would be coming out in the near future, in time for a presidential campaign. He called this the beginning of an actual campaign platform. Davila added that much of the new portion would focus on the oil industry, but also on positions to be created by state governments when the federal government disbursed funds that are allocated to them by the Constitution, but have been withheld by the current administration. He estimated this amount at about USD 2 billion.

COMMENT

19. (C) The Plan, while painting an optimistic view of the Venezuelan economic future, consciously avoids discussing steps and procedures to turn its aims into reality. Its chief political benefit thus far has been to allow the opposition in time for the referendum that it at least has a "plan" for what would follow a revocation. The opposition is wise in staying away from discussion of the future of state oil company PDVSA and the role of foreign oil companies, since Chavez would doubtless paint any such program as a sell-out of national interests (even as his government does its own deals with the multinationals). We expect that this issue will remain fudged in a subsequent Presidential campaign if it is held, but it will inevitably be at the top of economic concerns of a new government, should it come to power.
Shapiro

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